

1 SB111
2 155204-4
3 By Senator Orr
4 RFD: Finance and Taxation General Fund
5 First Read: 03-MAR-15

1 SB111

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4 ENROLLED, An Act,

5 To establish the Alabama Transportation
6 Infrastructure Bank; to specify the membership, powers,
7 duties, terms, sources for capitalization, and liability of
8 the bank; to provide for the redistribution of a portion of
9 gasoline tax revenues and motor vehicle registration fee
10 revenues; to provide procedures for the issuance of loans and
11 other financial assistance to certain government entities for
12 certain qualified projects; to provide authority for the bank
13 to issue certain bonds under certain conditions; to require
14 the bank to report annually to the Governor and the
15 Legislature.

16 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

17 Section 1. This act shall be cited as the Alabama
18 Transportation Infrastructure Bank Act.

19 Section 2. For the purposes of this act, the
20 following words shall have the following meanings:

21 (1) BANK. The Alabama Transportation Infrastructure
22 Bank.

23 (2) BOARD. The board of directors of the bank.

24 (3) BONDS. Includes bonds, notes, or other evidence
25 of indebtedness except as otherwise provided in this act.

1 (4) DEPARTMENT or DEPARTMENT OF TRANSPORTATION. The
2 Alabama Department of Transportation.

3 (5) ELIGIBLE COST. As applied to a qualified project
4 to be financed from the federal highway account, the costs
5 that are permitted under applicable federal laws,
6 requirements, procedures, and guidelines in regard to
7 establishing, operating, and providing assistance from the
8 bank. As applied to a qualified project to be financed from
9 the state highway account, these costs include the costs of
10 preliminary engineering, traffic, and revenue studies;
11 environmental studies; right-of-way acquisition; legal and
12 financial services associated with the development of the
13 qualified project; construction; construction management;
14 facilities; and other costs necessary for the qualified
15 project.

16 (6) ELIGIBLE PROJECT. Highways, roads, bridges and
17 mass transit capital projects which provide public benefits by
18 either enhancing mobility and safety, promoting economic
19 development, or increasing the quality of life and general
20 welfare of the public.

21 (7) FINANCING AGREEMENT. Any agreement entered into
22 between the bank and a qualified borrower pertaining to a loan
23 or other financial assistance. This agreement may contain, in
24 addition to financial terms, provisions relating to the
25 regulation and supervision of a qualified project, or other

1 provisions as the board may determine. The term includes,
2 without limitation, a loan agreement, trust indenture,
3 security agreement, reimbursement agreement, guarantee
4 agreement, bond or note, ordinance or resolution, or similar
5 instrument.

6 (8) GOVERNMENT UNIT. A municipal corporation,
7 county, or another public body, instrumentality, or agency of
8 the state including combinations of two or more of these
9 entities acting jointly to construct, own, or operate a
10 qualified project, and any other state or local authority,
11 board, commission, agency, department, or other political
12 subdivision created by the Legislature or pursuant to the
13 Constitution of Alabama of 1901, and laws of this state which
14 may construct, own, or operate a qualified project.

15 (9) LOAN. An obligation subject to repayment which
16 is provided by the bank to a qualified borrower for all or a
17 part of the eligible cost of a qualified project. A loan may
18 be disbursed in anticipation of reimbursement for or direct
19 payment of eligible costs of a qualified project.

20 (10) LOAN OBLIGATION. A bond, note, or other
21 evidence of an obligation issued by a qualified borrower.

22 (11) OTHER FINANCIAL ASSISTANCE. Includes, but is
23 not limited to, grants, contributions, credit enhancement,
24 capital or debt reserves for bonds or debt instrument
25 financing, interest rate subsidies, provision of letters of

1 credit and credit instruments, provision of bond or other debt
2 financing instrument security, and other lawful forms of
3 financing and methods of leveraging funds that are approved by
4 the board, and in the case of federal funds, as allowed by
5 federal law.

6 (12) PROJECT REVENUES. All rates, rents, fees,
7 assessments, charges, and other receipts derived or to be
8 derived by a qualified borrower from a qualified project or
9 made available from a special source, and, as provided in the
10 applicable financing agreement, derived from any system of
11 which the qualified project is a part of, from any other
12 revenue producing facility under the ownership or control of
13 the qualified borrower including, without limitation, proceeds
14 of grants, gifts, appropriations, and loans, including the
15 proceeds of loans made by the bank, investment earnings,
16 reserves for capital and current expenses, proceeds of
17 insurance or condemnation and proceeds from the sale or other
18 disposition of property and from any other special source as
19 may be provided by the qualified borrower.

20 (13) QUALIFIED BORROWER. Any government unit which
21 is authorized to construct, operate, or own a qualified
22 project.

23 (14) QUALIFIED PROJECT. An eligible project the
24 total cost of which exceeds five million dollars (\$5,000,000)

1 which has been selected by the bank to receive a loan or other
2 financial assistance from the bank to defray an eligible cost.

3 (15) REVENUES. When used with respect to the bank,
4 any receipts, fees, income, or other payments received or to
5 be received by the bank including, without limitation,
6 receipts and other payments deposited in the bank and
7 investment earnings on its funds and accounts.

8 Section 3. (a) There is created a public corporation
9 to be known as the Alabama Transportation Infrastructure Bank.

10 (b) The bank is governed by a board of directors as
11 provided in this act.

12 (c) The corporate purpose of the bank is to select
13 and assist in financing major qualified projects by providing
14 loans and other financial assistance to government units for
15 constructing and improving highway and transportation
16 facilities necessary for public purposes including economic
17 development.

18 (d) The bank shall establish and maintain at least
19 the following accounts:

20 (1) State highway account.

21 (2) Federal highway account.

22 Section 4. (a) The board of directors is the
23 governing board of the bank. The board shall consist of seven
24 voting members as follows:

1 (1) The Director of the Department of
2 Transportation, ex officio.

3 (2) Four members appointed by the Governor, one of
4 whom shall be designated as chair.

5 (3) One member of the House of Representatives
6 appointed by the Speaker of the House of Representatives.

7 (4) One member of the Senate appointed by the
8 President Pro Tempore of the Senate.

9 (b) Members appointed by the Governor hold office
10 concurrently with the Governor and until their successors are
11 appointed and qualified. Members appointed by the Speaker of
12 the House of Representatives and the President Pro Tempore of
13 the Senate shall serve during the member's term of office
14 during which the member was appointed and until the member's
15 successor is appointed and qualified. The vice chair shall be
16 elected by the board. Any person appointed to fill a vacancy
17 shall be appointed in the same manner as the original
18 appointee for the remainder of the unexpired term.

19 (c) Any four members of the board of directors shall
20 constitute a quorum for the transaction of business.

21 (d) All appointing authorities shall coordinate
22 their appointments so that diversity of gender, race, and
23 geographical areas is reflective of the makeup of this state.

24 Section 5. (a) In addition to the powers contained
25 in other provisions of this act, the bank has all power

1 necessary, useful, or appropriate to fund, operate, and
2 administer the bank, and to perform its other functions
3 including, but not limited to, the following power to:

4 (1) Have perpetual succession.

5 (2) Adopt, promulgate, amend, and repeal bylaws, not
6 inconsistent with this act for the administration of the
7 bank's affairs and the implementation of its functions
8 including the right of the board to select qualifying projects
9 and to provide loans and other financial assistance.

10 (3) Sue and be sued in its own name.

11 (4) Have a seal and alter it at pleasure, although
12 the failure to affix the seal does not affect the validity of
13 an instrument executed on behalf of the bank.

14 (5) Make loans to qualified borrowers to finance the
15 eligible costs of qualified projects and to acquire, hold, and
16 sell loan obligations at prices and in a manner as the board
17 determines advisable.

18 (6) Provide qualified borrowers with other financial
19 assistance necessary to defray eligible costs of a qualified
20 project.

21 (7) Enter into contracts, arrangements, and
22 agreements with qualified borrowers and other persons and
23 execute and deliver all financing agreements and other
24 instruments necessary or convenient to the exercise of the
25 powers granted in this act.

1 (8) Enter into agreements with a department, agency,
2 or instrumentality of the United States or of this state or
3 another state for the purpose of planning and providing for
4 the financing of qualified projects.

5 (9) Establish the following:

6 a. Policies and procedures for the making and
7 administering of loans and other financial assistance.

8 b. Fiscal controls and accounting procedures to
9 ensure proper accounting and reporting by the bank, and
10 government units.

11 (10) Acquire by purchase, lease, donation, or other
12 lawful means and sell, convey, pledge, lease, exchange,
13 transfer, and dispose of all or any part of its properties and
14 assets of every kind and character or any interest in it to
15 further the public purpose of the bank.

16 (11) Procure insurance, guarantees, letters of
17 credit, and other forms of collateral or security or credit
18 support from any public entity, including any department,
19 agency, or instrumentality of the United States or this state,
20 for the payment of any bonds issued by it, including the power
21 to pay premiums or fees on any insurance, guarantees, letters
22 of credit, and other forms of collateral or security or credit
23 support.

24 (12) Collect or authorize the trustee under any
25 trust indenture securing any bonds to collect amounts due

1 under any loan obligations owned by it, including taking the
2 action required to obtain payment of any sums in default.

3 (13) Unless restricted under any agreement with
4 holders of bonds, consent to any modification with respect to
5 the rate of interest, time, and payment of any installment of
6 principal or interest, or any other term of any loan
7 obligations owned by it.

8 (14) Borrow money through the issuance of bonds and
9 other forms of indebtedness as provided in this act.

10 (15) Expend funds to obtain accounting, management,
11 legal, financial consulting, and other professional services
12 necessary to the operations of the bank.

13 (16) Expend funds credited to the bank as the board
14 determines necessary for the costs of administering the
15 operations of the bank.

16 (17) Establish advisory committees as the board
17 determines appropriate, which may include individuals from the
18 private sector with banking and financial expertise.

19 (18) Procure insurance against losses in connection
20 with its property, assets, or activities including insurance
21 against liability for its acts or the acts of its employees or
22 agents or to establish cash reserves to enable it to act as a
23 self-insurer against any and all such losses.

24 (19) Collect fees and charges in connection with its
25 loans or other financial assistance.

1 (20) Apply for, receive, and accept from any source,
2 aid, grants, and contributions of money, property, labor, or
3 other things of value to be used to carry out the purposes of
4 this act subject to the conditions upon which the aid, grants,
5 or contributions are made.

6 (21) Enter into contracts or agreements for the
7 servicing and processing of financial agreements.

8 (22) To appoint and employ attorneys, accountants,
9 financial advisors, underwriters, trustees, depositories,
10 registrars, fiscal agents, and other advisors, agents, and
11 independent contractors as may be necessary or desirable.

12 (23) Do all other things necessary or convenient to
13 carry out the purposes and powers conferred by this act.

14 (b) The bank is not authorized or empowered to be or
15 to constitute a bank or trust company within the jurisdiction
16 or under the control of the state or an agency of it or the
17 Comptroller of the Currency or the Treasury Department of the
18 United States, or a bank, banker, or dealer in securities
19 within the meaning of, or subject to the provisions of, any
20 securities, securities exchange, or securities dealers' law of
21 the United States or this state.

22 As used in this act, the bank is not a "bank" within
23 the meaning of Title 5, Code of Alabama 1975, including
24 without limitation Section 5-1A-2 and Section 5-1A-3, and is
25 not a "bank" within the meaning of the Alabama Constitution,

1 Sections 247, 248 and 253. Under this act, the bank does not
2 accept deposits from the public, its loans are only with
3 qualified borrowers as defined in Section 2(13), and the bank
4 does not, and is not authorized to, transact banking business
5 with the public.

6 (c) The bank is subject to the provisions of the
7 Administrative Procedure Act.

8 Section 6. (a) The following sources may be used to
9 capitalize the bank and for the bank to carry out its
10 purposes:

11 (1) An annual contribution, as determined by the
12 Director of the Department of Transportation and approved by
13 the Governor, of an amount not to exceed revenues produced by
14 one cent (\$.01) a gallon of the tax on gasoline imposed
15 pursuant to Act 2011-565, 2011 Regular Session. Any funds
16 contributed pursuant to this subdivision shall be derived from
17 the gasoline tax proceeds remaining in the Public Road and
18 Bridge Fund after distributions of the tax to the cities and
19 counties. Any contributions which are to provide funds for
20 debt service on bonds issued by the bank shall continue until
21 the bonds have been fully repaid.

22 (2) An annual contribution, as determined by the
23 Director of the Department of Transportation and approved by
24 the Governor, of an amount of the revenues collected pursuant
25 to Section 40-12-248, Code of Alabama 1975, not to exceed the

1 balance remaining in the Public Road and Bridge Fund pursuant
2 to Section 40-12-270(d)(3), Code of Alabama 1975, after the
3 distributions required pursuant to Sections 40-12-270(d)(1)
4 and 40-12-270(d)(2), Code of Alabama 1975. Any contributions
5 which are to provide funds for debt service on bonds issued by
6 the bank shall continue until the bonds have been fully
7 repaid.

8 (3) Federal funds made available to the state.

9 (4) Federal funds made available to the state for
10 the bank.

11 (5) Contributions and donations from government
12 units, and any other source as may become available to the
13 bank including, but not limited to, appropriations from the
14 Legislature.

15 (6) All monies paid or credited to the bank, by
16 contract or otherwise, payments of principal and interest on
17 loans or other financial assistance made from the bank, and
18 interest earnings which may accrue from the investment or
19 reinvestment of the bank's monies.

20 (7) Proceeds from the issuance of bonds as provided
21 in this act.

22 (8) Other lawful sources as determined appropriate
23 by the board.

1 (9) Loans from the department to the bank to be
2 repaid from revenues committed to the bank for the following
3 year.

4 Section 7. (a) Earnings on balances in the federal
5 highway account, as created by this act, must be credited and
6 invested according to federal law. The bank may establish
7 accounts and subaccounts within the state highway account and
8 the federal highway account as considered desirable to
9 effectuate the purposes of this act, or to meet the
10 requirements of any state or federal programs. All accounts
11 shall be held in trust by the State Treasurer.

12 (b) For necessary and convenient administration of
13 the bank, the board shall direct the State Treasurer to
14 establish federal and state accounts and subaccounts within
15 the bank necessary to meet any applicable federal law
16 requirements or as the bank shall determine necessary or
17 desirable in order to implement this act.

18 (c) The bank shall comply with all applicable
19 federal laws and regulations prohibiting the commingling of
20 certain federal funds deposited in the bank.

21 Section 8. (a) The bank may provide loans and other
22 financial assistance to a government unit to pay for all or
23 part of the eligible cost of a qualified project. The term of
24 the loan or other financial assistance must not exceed the
25 useful life of the project. The bank may require the

1 government unit to enter into a financing agreement in
2 connection with its loan obligation or other financial
3 assistance. The board shall determine the form and content of
4 loan applications, financing agreements, and loan obligations
5 including the term and rate or rates of interest on a
6 financing agreement. The terms and conditions of a loan or
7 other financial assistance from the federal highway account
8 shall comply with applicable federal requirements.

9 (b) The board shall determine which projects are
10 eligible projects and then select from among the eligible
11 projects those qualified to receive from the bank a loan or
12 other financial assistance. Preference shall be given to
13 eligible projects that have the most local financial support.
14 The board shall establish by rule or regulation a minimum
15 amount of local financial support which will be required in
16 order to qualify for loans or grants from the bank. Any such
17 minimum requirement shall be established as a percentage of
18 the total project costs and shall apply to all eligible
19 projects. In selecting qualified projects, the board shall
20 consider the projected feasibility of the project and the
21 amount and degree of risk to be assumed by the bank. The board
22 also may consider, but shall not be limited to, the following
23 criteria in making its determination that an eligible project
24 is a qualified project:

1 (1) The local support of the project, expressed by
2 resolutions by the governing bodies in the areas in which the
3 project will be located, and the financial or in-kind
4 contributions to the project.

5 (2) Maximum economic benefit, enhancement of
6 mobility, enhancement of public safety, acceleration of
7 project completion, and enhancement of transportation
8 services.

9 (3) The ability of the applicant to repay a loan
10 according to the terms and conditions established pursuant to
11 this act, consideration of which may include, at the option of
12 the bank board, the existence of current investment grade
13 rating on existing debt of the applicant secured by the same
14 revenues to be pledged to secure repayment under the loan
15 repayment agreement.

16 (4) The financial or in-kind contributions to the
17 project.

18 (5) Greater weighting in recommending priorities for
19 eligible projects to areas of the state experiencing high
20 unemployment.

21 (6) Whether the governing bodies of the county or
22 the incorporated municipality in which the project is to be
23 located provides to the bank a resolution which makes a
24 finding that the project is essential to economic development
25 in the political subdivisions, or the bank receives a

1 certificate from the Alabama Department of Commerce that the
2 project is essential to economic development in the state, or
3 both, at the option of the board.

4 Section 9. (a) Qualified borrowers may obtain loans
5 or other financial assistance from the bank through financing
6 agreements. Qualified borrowers entering into financing
7 agreements and issuing loan obligations to the bank may
8 perform any acts, take any action, adopt any proceedings, and
9 make and carry out any contracts or agreements with the bank
10 as may be agreed to by the bank and any qualified borrower for
11 the carrying out the purposes of this act.

12 (b) In addition to the authorizations contained in
13 this act, all other statutes or provisions permitting
14 government units to borrow money and issue obligations may be
15 utilized by any government unit in obtaining a loan or other
16 financial assistance from the bank to the extent determined
17 necessary or useful by the government unit in connection with
18 any financing agreement and the issuance, securing, or sale of
19 loan obligations to the bank.

20 (c) A qualified borrower may receive, apply, pledge,
21 assign, and grant a security interest in project revenues,
22 and, in the case of a government unit, its project revenues,
23 revenues derived from a special source or ad valorem taxes, to
24 secure its obligations as provided in this act, and may fix,
25 revise, charge, and collect fees, rates, rents, assessments,

1 and other charges of general or special application for the
2 operation or services of a qualified project, the system of
3 which it is a part, and any other revenue producing facilities
4 from which the qualified borrower derives project revenues, to
5 meet its obligations under a financing agreement or to provide
6 for the construction and improving of a qualified project.

7 Section 10. The bank is performing an essential
8 governmental function in the exercise of the powers conferred
9 upon it and is not required to pay taxes or assessments upon
10 property or upon its operations or the income from them, or
11 taxes or assessments upon property or loan obligations
12 acquired or used by the bank or upon the income from them.

13 Section 11. (a) If a government unit fails to
14 collect and remit in full all amounts due to the bank on the
15 date these amounts are due under the terms of any note or
16 other obligation of the government unit, the bank shall notify
17 the State Treasurer who shall withhold all or a portion of the
18 funds of the state and all funds administered by the state,
19 its agencies, boards, and instrumentalities allotted or
20 appropriated to the government unit and apply an amount
21 necessary to the payment of the amount due.

22 (b) Nothing contained in this section mandates the
23 withholding of funds allocated to a government unit the
24 withholding of which would violate contracts to which the

1 state is a party, the requirements of federal law imposed on
2 the state, or judgments of a court binding on the state.

3 Section 12. Neither the board nor any officer,
4 employee, or committee of the bank acting on behalf of it,
5 while acting within the scope of authority granted by this
6 act, is subject to any liability resulting from carrying out
7 any of the powers given in this act, unless the officer or
8 employee acted in an unreasonable or reckless manner.

9 Section 13. Notice, proceeding, or publication,
10 except those required in this act, are not necessary to the
11 performance of any power authorized in this act nor is any act
12 of the bank subject to any referendum.

13 Section 14. All money of the bank, except as
14 authorized by law or provided in this act, shall be deposited
15 with and invested by the State Treasurer. Funds of the bank
16 not needed for immediate use or disbursement may be invested
17 by the State Treasurer in obligations or securities which are
18 declared to be legal obligations by general law. All federal
19 funds shall be invested as required by applicable federal law.

20 Section 15. Following the close of each state fiscal
21 year, the bank shall submit an annual report of its activities
22 for the preceding year to the Governor and to the Legislature.
23 The bank also shall submit an annual report to the appropriate
24 federal agency in accordance with requirements of any federal
25 program. An independent certified public accountant shall

1 perform an audit of the books and accounts of the bank at
2 least once in each state fiscal year.

3 Section 16. This act, being for the welfare of this
4 state and its inhabitants, shall be liberally construed to
5 effect the purposes specified in this act. However, nothing in
6 this act shall be construed as affecting any proceeding,
7 notice, or approval required by law for the issuance by a
8 government unit of the loan obligations, instruments, or
9 security for loan obligations.

10 Section 17. (a) Whenever it shall become necessary
11 that monies be raised for qualified projects, including monies
12 to be used to refund any bonds then outstanding, the bank may
13 issue bonds as provided in this act.

14 (b) The bank may pledge any of its revenue or funds
15 to the payment of its bonds, subject only to any prior
16 agreements with the holders of particular bonds which may have
17 pledged specific money or revenue. Bonds may be secured by a
18 pledge of any loan obligation owned by the bank, any grant,
19 contribution, or guaranty from the United States, the state,
20 or any corporation, association, institution, or person, any
21 other property or assets of the bank, or a pledge of any
22 money, income, or revenue of the bank from any source.

23 Section 18. Bonds issued by the bank shall not
24 constitute a debt or a pledge of the full faith and credit of
25 this state, or any of its political subdivisions other than

1 the bank, but are payable solely from the revenue, money, or
2 property of the bank as provided in this act. The bonds issued
3 do not constitute an indebtedness of the state within the
4 meaning of any constitutional or statutory limitation. No
5 member of the bank or any person executing bonds of the bank
6 is liable personally on the bonds by reason of their issuance
7 or execution. Each bond issued under this act shall contain on
8 its face a statement to the effect of the following:

9 (1) Neither the state, any of its political
10 subdivisions, nor the bank is obligated to pay the principal
11 of or interest on the bond or other costs incident to the bond
12 except from the revenue, money, or property of the bank
13 pledged.

14 (2) Neither the full faith and credit nor the taxing
15 power of the state, or any of its political subdivisions, is
16 pledged to the payment of the principal of or interest on the
17 bond.

18 (3) The bank does not have taxing power.

19 Section 19. (a) The bonds of the bank must be
20 authorized by a resolution of the bank.

21 (b) The bonds shall bear the date and mature at the
22 time which the resolution provides, except that no bond may
23 mature more than 40 years from its date of issue.

24 (c) The bonds may be in the denominations, be
25 executed in the manner, be payable in the medium of payment,

1 be payable at the place and at the time, and be subject to
2 redemption or repurchase and contain other provisions
3 determined by the bank prior to their issuance.

4 (d) The bonds may bear interest payable at a time
5 and at a rate as determined by the bank, including the
6 determination by agents designated by the bank under
7 guidelines established by it.

8 (e) Bonds may be sold by the bank at public or
9 private sale at the price it determines and approves.

10 (f) The State Treasurer shall issue the bonds of the
11 bank not later than 60 days upon the resolution of the bank
12 authorizing the issuance of the bonds.

13 Section 20. (a) Bonds may be secured by a trust
14 indenture between the bank and a corporate trustee, which may
15 be the State Treasurer or any bank having trust powers or any
16 trust company, designated by the State Treasurer doing
17 business in this state. A trust indenture may contain
18 provisions for protecting and enforcing the rights and
19 remedies of the bondholders which are reasonable and proper,
20 including covenants setting forth the duties of the bank in
21 relation to the exercise of its powers and the custody,
22 safekeeping, and application of its money. The bank may
23 provide by the trust indenture for the payment of the proceeds
24 of the bonds and all or any part of the revenues of the bank
25 to the trustee under the trust indenture or to some other

1 depository, and for the method of its disbursement with
2 safeguards and restrictions prescribed by it. All expenses
3 incurred in performing the obligations of the bank under the
4 trust indenture may be treated as part of its operating
5 expenses.

6 (b) Any resolution or trust indenture pursuant to
7 which bonds are issued may contain provisions which are part
8 of the contract with the holders of the bonds and which
9 include the following:

10 (1) Pledging all or any part of the revenue of the
11 bank to secure the payment of the bonds.

12 (2) Pledging all or any part of the assets of the
13 bank including loan obligations owned by it to secure the
14 payment of the bonds.

15 (3) The use and disposition of the gross income
16 from, and payment of the principal of, and interest on loan
17 obligations owned by the bank.

18 (4) The establishment of reserves, sinking funds,
19 and other funds and accounts, and their regulation and
20 disposition.

21 (5) Limitations on the purposes to which the
22 proceeds from the sale of the bonds may be applied, and
23 limitations on pledging the proceeds to secure the payment of
24 the bonds.

1 (6) Limitations on the issuance of additional bonds,
2 the terms upon which additional bonds may be issued and
3 secured, and the refunding of outstanding or other bonds.

4 (7) The procedure, if any, by which the terms of any
5 contract with bondholders may be amended or abrogated, the
6 amount of bonds, if any, the holders of which must consent to,
7 and the manner in which any consent may be given.

8 (8) Limitations on the amount of money to be
9 expended by the bank for its operating expenses.

10 (9) Vesting in a trustee property, rights, powers,
11 and duties as the bank may determine, limiting or abrogating
12 the right of bondholders to appoint a trustee, and limiting
13 the rights, powers, and duties of the trustee.

14 (10) Defining the acts or omissions which constitute
15 a default, the obligations or duties of the bank to the
16 holders of the bonds, and the rights and remedies of the
17 holders of the bonds in the event of default, including as a
18 matter of right the appointment of a receiver, and all other
19 rights generally available to creditors.

20 (11) Requiring the bank or the trustee under the
21 trust indenture to take any and all other action to obtain
22 payment of all sums required to eliminate any default as to
23 any principal of and interest on loan obligations owned by the
24 bank or held by a trustee, which may be authorized by the laws
25 of this state.

1 (12) Any other matter relating to the terms of the
2 bonds or the security or protection of the holders of the
3 bonds which may be considered appropriate.

4 Section 21. (a) Any pledge made by the bank is valid
5 and binding from the time the pledge is made. The revenue,
6 money, or property pledged and received by the bank is
7 immediately subject to the lien of the pledge without any
8 physical delivery or further act. The lien of any pledge is
9 valid and binding as against all parties having claims of any
10 kind in tort, contract, or otherwise against the bank,
11 irrespective of whether the parties have notice of the pledge.

12 (b) No recording or filing of the resolution
13 authorizing the issuance of bonds, the trust indenture
14 securing the bonds, or any other instrument including filings
15 under the Uniform Commercial Code is necessary to create or
16 perfect any pledge or security interest granted by the bank to
17 secure any bonds.

18 Section 22. The bank, subject to agreements with
19 bondholders as may then exist, may purchase outstanding bonds
20 of the bank with any available funds, at any reasonable price.
21 If the bonds are then redeemable, the price shall not exceed
22 the redemption price then applicable plus accrued interest to
23 the next interest payment date.

24 Section 23. Bonds of the bank shall be in a form and
25 shall be executed in a manner prescribed by the bank.

1 Section 24. If any of the members or officers of the
2 bank cease to be members before the delivery of any bonds
3 signed by them, their signatures or authorized facsimile
4 signatures are nevertheless valid and sufficient for all
5 purposes as if they had remained in office until the delivery
6 of the bonds.

7 Section 25. Subsequent amendments to this act may
8 not limit the rights vested in the bank with respect to any
9 agreements made with, or remedies available to, the holders of
10 bonds issued under this act before the enactment of the
11 amendments until the bonds, with all premiums and interest on
12 them, and all costs and expenses in connection with any
13 proceeding by or on behalf of the holders, are fully met and
14 discharged.

15 Section 26. Any bonds issued by the bank, the
16 transfer of bonds, and the income from them, are free from
17 taxation and assessment of every kind by the state and by the
18 local governments and other political subdivisions of the
19 state.

20 Section 27. (a) The bonds issued by the bank are
21 legal investments in which all public officers or public
22 bodies of the state, its political subdivisions, all
23 municipalities and political subdivisions, all insurance
24 companies and associations and other persons carrying on
25 insurance business, all banks, bankers, banking associations,

1 trust companies, savings banks, savings associations,
2 including savings and loan association investment companies,
3 and other persons carrying on a banking business, all
4 administrators, guardians, executors, trustees, and other
5 fiduciaries, and all other persons who are now or may be
6 authorized in the future to invest in bonds or other
7 obligations of the state, may invest funds in their control or
8 belonging to them.

9 (b) The bonds of the bank are also securities which
10 may be deposited with and received by all public officers and
11 bodies of the state or any agency or political subdivision of
12 the state and all municipalities and public corporations for
13 any purpose for which the deposit of bonds or other
14 obligations of the state is now or may later be required by
15 law.

16 Section 28. Except as otherwise prohibited by
17 Federal law, all contracts funded with the revenue or bond
18 proceeds which are authorized pursuant to this act shall be
19 performed by a workforce which consists of only legal
20 residents of the State of Alabama.

21 Section 29. This act shall become effective on the
22 first day of the third month following its passage and
23 approval by the Governor, or its otherwise becoming law.

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President and Presiding Officer of the Senate

Speaker of the House of Representatives

SB111

Senate 18-MAR-15

I hereby certify that the within Act originated in and passed the Senate, as amended.

Patrick Harris
Secretary

House of Representatives
Passed: 09-APR-15

By: Senator Orr